

**CITY OF LEOTI, KANSAS**

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**FINANCIAL STATEMENT  
with  
INDEPENDENT AUDITOR'S REPORT  
YEAR ENDED DECEMBER 31, 2017**

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*Kennedy*  
*McKee & Company LLP* Certified Public Accountants

1100 W. Frontview  
P. O. Box 1477  
Dodge City, Kansas 67801  
Tel. (620) 227-3135  
Fax (620) 227-2308  
[www.kmc-cpa.com](http://www.kmc-cpa.com)

JAMES W. KENNEDY, CPA  
ROBERT C. NEIDHART, CPA  
PATRICK M. FRIESS, CPA  
JOHN W. HENDRICKSON, CPA

## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council  
City of Leoti, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash of the City of Leoti, Kansas, as of and for the year ended December 31, 2017 and the related notes to the financial statement.

### Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note A; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles**

As described in Note A, the financial statement is prepared by the City of Leoti, Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note A and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

## **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Leoti, Kansas as of December 31, 2017, or changes in financial position and cash flows thereof for the year then ended.

## **Unmodified Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balances of the City of Leoti, Kansas as of December 31, 2017, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note A.

## **Other Matters**

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures, and summary of regulatory basis receipts and disbursements-agency funds (Schedules 1, 2 and 3 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note A.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the City of Leoti, Kansas as of and for the year ended December 31, 2016 (not presented herein), and have issued our report thereon dated August 8, 2017, which contained an unmodified opinion on the basic financial statement. The 2016 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the website of the Kansas Department of Administration at the following link <http://admin.ks.gov/offices/chief-financial-officer/municipal-services>. The 2016 actual column (2016 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget for year ended December 31, 2017 (Schedule 2 as listed in the table of contents) is presented for additional analysis and is not a required part of the basic financial statement. Such 2016 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2016 basic financial statement. The 2016 comparative information was subjected to the auditing procedures applied in the audit of the 2016 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2016 basic financial statement or to the 2016 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2016 comparative information is fairly stated in all material respects in relation to the 2016 basic financial statement as a whole, on the basis of accounting described in Note A.

*Kennedy McKee & Company LLP*

September 12, 2018

# CITY OF LEOTI, KANSAS

## SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH REGULATORY BASIS

For the Year Ended December 31, 2017

<u>Fund</u>	<u>Beginning unencumbered cash balance</u>	<u>Prior year canceled encumbrances</u>	<u>Receipts</u>
General fund	\$ 201,195	\$ -	\$ 1,004,123
Special purpose funds:			
Ambulance and fire equipment	135,784	-	25,787
Special highway	111,715	-	39,103
Non-budgeted special purpose funds:			
Fire equipment reserve	125,492	-	21,073
Equipment reserve	653,685	-	100,000
Saturday cinema	3,148	-	-
Municipal court	71,019	-	5,946
Total special purpose funds	1,100,843	-	191,909
Capital project fund:			
Capital improvement general	7,500	-	-
Business funds:			
Water operating	989,428	-	643,119
Sanitation operating	200,510	-	261,978
Sewer operating	371,983	-	212,709
Storm water operating	41,746	-	8,706
Non-budgeted business funds:			
Water reserve	670,098	-	-
Sanitation reserve	152,863	-	-
Sewer reserve	90,000	-	-
Total business funds	2,516,628	-	1,126,512
Total reporting entity - excluding agency funds	\$ 3,826,166	\$ -	\$ 2,322,544
Composition of cash balance:			
Cash on hand			
Petty cash account			
General checking account			
Money market accounts			
Certificates of deposit			
Total cash			
Agency funds			
Total reporting entity - excluding agency funds			

The notes to the financial statement are an integral part of this statement.

STATEMENT 1

<u>Expenditures</u>	<u>Ending unencumbered cash balance</u>	<u>Add encumbrances and accounts payable</u>	<u>Ending cash balance</u>
<u>\$ 861,386</u>	<u>\$ 343,932</u>	<u>\$ 23,298</u>	<u>\$ 367,230</u>
58,243	103,328	-	103,328
112,630	38,188	-	38,188
57,614	88,951	-	88,951
32,812	720,873	-	720,873
-	3,148	-	3,148
<u>76,965</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>338,264</u>	<u>954,488</u>	<u>-</u>	<u>954,488</u>
<u>-</u>	<u>7,500</u>	<u>-</u>	<u>7,500</u>
317,287	1,315,260	12,707	1,327,967
200,794	261,694	5,996	267,690
139,302	445,390	3,305	448,695
1,555	48,897	-	48,897
-	670,098	-	670,098
75,751	77,112	-	77,112
<u>-</u>	<u>90,000</u>	<u>-</u>	<u>90,000</u>
<u>734,689</u>	<u>2,908,451</u>	<u>22,008</u>	<u>2,930,459</u>
<u>\$ 1,934,339</u>	<u>\$ 4,214,371</u>	<u>\$ 45,306</u>	<u>\$ 4,259,677</u>
			\$ 200
			1,300
			57,775
			3,716,733
			<u>500,000</u>
			4,276,008
			<u>(16,331)</u>
			<u>\$ 4,259,677</u>

# CITY OF LEOTI, KANSAS

## NOTES TO THE FINANCIAL STATEMENT

December 31, 2017

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies applied in the preparation of the accompanying financial statement is presented to assist in understanding the City's financial statement. The financial statement, schedules, and notes are representations of the City's management, which is responsible for their integrity and objectivity.

#### 1. Municipal Financial Reporting Entity

The City of Leoti is a municipal corporation governed by an elected mayor and five-member council. The City has no related municipal entities.

#### 2. Basis of Presentation - Fund Accounting

The accounts of the City are organized and operated on the basis of funds. In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The following types of funds comprise the financial activities of the City for the year ended December 31, 2017:

#### REGULATORY BASIS FUND TYPES

General fund - the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special purpose fund – used to account for the proceeds of specific tax levies and other specific regulatory receipt sources (other than capital project and tax levies for long-term debt) that are intended for specified purposes.

Capital project fund – used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Business fund – funds financed in whole or in part by fees charged to users of the goods or services (i.e. enterprise and internal services fund, etc.).

Agency fund – funds used to report assets held by the municipal reporting entity in a purely custodial capacity.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America

The *Kansas Municipal Audit and Accounting Guide* (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The City has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the City to use the regulatory basis of accounting.

4. Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

- a. Preparation of the budget for the succeeding calendar year on or before August 1st.
- b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
- d. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### d. Budgetary Information (Continued)

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which regulatory receipts are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for the prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital project funds, utility reserve funds, and the following special purpose funds:

Fire Equipment Reserve Fund  
Equipment Reserve Fund  
Saturday Cinema Fund  
Municipal Court Fund

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

## B. DEPOSITS AND INVESTMENTS

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

*Custodial credit risk - deposits.* Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at December 31, 2017.

At December 31, 2017, the carrying amount of the City's deposits, including certificates of deposit, was \$4,275,808 and the bank balance was \$4,293,916. Of the bank balance, \$559,039 was covered by federal depository insurance, and \$3,734,877 was collateralized with securities held by the pledging financial institutions agents in the City's name.

## C. RELATED PARTY TRANSACTIONS

The City paid approximately \$9,200 for supplies, parts, and repairs during the year to two companies owned and operated by a Council Member and their family.

## D. DEFINED BENEFIT PENSION PLAN

*Plan description.* The City participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at [www.kpers.org](http://www.kpers.org) or by writing to KPERS (611 South Kansas, Suite 100; Topeka, KS 66603) or by calling 1-888-275-5737.

*Contributions.* K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by the City and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate with a 0% moratorium from the period of January 1, 2017 through September 30, 2017 for the Death and Disability Program) and the statutory contribution rate was 8.46% for the fiscal year ended December 31, 2017. Contributions to the pension plan from the City were \$24,610 for the year ended December 31, 2017.

### Net Pension Liability

At December 31, 2017, the City's proportionate share of the collective net pension liability reported by KPERS was \$275,554. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016, which was rolled forward to June 30, 2017. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publically available on the website at [www.kpers.org](http://www.kpers.org) or can be obtained as described above.

## E. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

*Other Post Employment Benefits.* As provided by K.S.A. 12-5040, the City allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the City is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the City under this program.

*Vacation Leave* – Vacation leave is earned and credited according to a table in the employee handbook. Time is credited to the employee on a monthly basis, and begins at 40 hours per year for employees with 1-2 years employment, 80 hours for 3-9 years employment, and 120 hours for 10 or more years. Vacation must be used by the end of each employment year. Any unused vacation at the end of the employment year will be paid out at 50% on the next scheduled pay date. Upon termination, employees will be paid for unused vacation at their regular rate of pay unless said employee fails to provide at least two weeks written notice in advance of their voluntary termination.

*Sick Leave* – Full time employees earn 4 hours of sick leave for each complete pay period. Sick leave may be accumulated up to 360 hours, but unused sick leave is not paid upon resignation or termination. Employees may use up to 24 hours of their accumulated sick leave per employment year for personal leave at their discretion.

*Section 125 Plan* - The City offers Section 125 plans for all employees electing to participate. It is used for a variety of insurance, retirement and other benefits. The City withholds the amounts from the employee's paychecks and remits the withholding to the plan administrator.

*Section 457 Deferred Compensation Plan* - The City offers a Section 457 deferred compensation plan to all employees on a voluntary basis. The City does not contribute to the plan and the plan is administered by a third party.

## F. LONG-TERM DEBT

Changes in long-term liabilities for the City for the year ended December 31, 2017, were as follows:

<u>Issue</u>	<u>Balance beginning of year</u>	<u>Additions</u>	<u>Reductions/ net change</u>	<u>Balance end of year</u>	<u>Interest paid</u>
General Obligation Bonds:					
Refunding and improvement issued February 11, 2015 in the amount of \$2,675,000 at interest rate of 2.75% maturing February 11, 2055	<u>\$2,499,098</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,499,098</u>	<u>\$ -</u>
Revolving Loan:					
Sewer improvements issued March 11, 2011 in the amount of \$592,149 at interest rate of 3.06% maturing March 1, 2032	<u>502,079</u>	<u>-</u>	<u>24,745</u>	<u>477,334</u>	<u>15,176</u>

## F. LONG-TERM DEBT (CONTINUED)

<u>Issue</u>	<u>Balance beginning of year</u>	<u>Additions</u>	<u>Reductions/ net change</u>	<u>Balance end of year</u>	<u>Interest paid</u>
Capital Lease:					
2015 Ravo Street Sweeper issued January 1, 2015 in the amount of \$182,199 at interest rate of 2.35% maturing January 1, 2020	\$ 121,407	\$ -	\$ 29,282	\$ 92,125	\$ 2,901
Total contractual indebtedness	<u>\$3,122,584</u>	<u>\$ -</u>	<u>\$ 54,027</u>	<u>\$3,068,557</u>	<u>\$ 18,076</u>

Current maturities of general obligation bonds and interest for the next five years and in five year increments through maturity are as follows:

	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2018	\$ 39,622	\$ 68,725	\$ 108,347
2019	40,711	67,636	108,347
2020	41,831	66,516	108,347
2021	42,795	65,366	108,161
2022	44,158	64,189	108,347
2023-2027	239,504	302,057	541,561
2028-2032	274,309	267,266	541,575
2033-2037	314,051	227,421	541,472
2038-2042	359,849	181,783	541,632
2043-2047	412,147	129,507	541,654
2048-2052	472,045	69,634	541,679
2053-2055	<u>218,076</u>	<u>9,471</u>	<u>227,547</u>
Total	<u>\$ 2,499,098</u>	<u>\$ 1,519,571</u>	<u>\$ 4,018,669</u>

Current maturities of revolving loans and interest for the next five years and in five year increments through maturity are as follows:

2018	\$ 25,508	\$ 14,413	\$ 39,921
2019	26,295	13,626	39,921
2020	27,105	12,815	39,920
2021	27,941	11,980	39,921
2022	28,803	11,118	39,921
2023-2027	157,896	41,709	199,605
2028-2032	<u>183,786</u>	<u>15,818</u>	<u>199,604</u>
	<u>\$ 477,334</u>	<u>\$ 121,479</u>	<u>\$ 598,813</u>

Current maturities of capital leases and interest through maturity are as follows:

2018	\$ 29,988	\$ 2,195	\$ 32,183
2019	30,703	1,481	32,184
2020	<u>31,434</u>	<u>750</u>	<u>32,184</u>
Total	<u>\$ 92,125</u>	<u>\$ 4,426</u>	<u>\$ 96,551</u>

## G. INTERFUND TRANSFERS

Operating transfers were as follows:

<u>From</u>	<u>To</u>	<u>Regulatory Authority</u>	<u>Amount</u>
General	Fire Equipment Reserve	K.S.A. 12-1,117	\$ 21,073
General	Equipment Reserve	K.S.A. 12-1,117	100,000
Municipal Court	General	Resolution	<u>76,451</u>
			<u>\$ 197,524</u>

## H. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City has been unable to obtain workers' compensation insurance at a cost it considered to be economically justifiable. For this reason, the City joined together with other cities in the State to participate in the Kansas Municipal Insurance Trust (KMIT), a public entity risk pool currently operating as a common risk management and insurance program for participating members.

The City pays an annual premium to KMIT for workers' compensation insurance coverage. The agreement to participate provides that KMIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$500,000 for each insured event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by KMIT management.

The City continues to carry commercial insurance for all other risks of loss including property, liability, crime, inland marine, auto, umbrella, linebacker, data compromise, and fidelity bonds. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years and there have been no significant reductions in coverage.

## I. SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 12, 2018, the date on which the financial statement was available to be used. Management's evaluation concluded that there are no subsequent events that are required to be recognized or disclosed in this financial statement.

**REGULATORY – REQUIRED  
SUPPLEMENTARY INFORMATION**

## CITY OF LEOTI, KANSAS

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS

For the Year Ended December 31, 2017

Fund	Certified budget	Adjustment for qualifying budget credits	Total budget for comparison	Expenditures chargeable to current year	Variance favorable (unfavorable)
General fund	\$ 943,450	\$ -	\$ 943,450	\$ 861,386	\$ 82,064
Special purpose funds:					
Ambulance and fire equipment	160,000	-	160,000	58,243	101,757
Special highway	150,000	-	150,000	112,630	37,370
Business funds:					
Water operating	689,598	-	689,598	317,287	372,311
Sanitation operating	263,500	-	263,500	200,794	62,706
Sewer operating	426,321	-	426,321	139,302	287,019
Storm water operating	46,000	-	46,000	1,555	44,445
Total	<u>\$ 2,678,869</u>	<u>\$ -</u>	<u>\$ 2,678,869</u>	<u>\$ 1,691,197</u>	<u>\$ 987,672</u>

See Independent Auditor's Report.

## CITY OF LEOTI, KANSAS

## GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS

For the Year Ended December 31, 2017

(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		2017		Variance
	2016	Actual	Budget	favorable (unfavorable)
Receipts:				
Taxes:				
Ad valorem property tax	\$ 448,916	\$ 457,678	\$ 459,293	\$ (1,615)
Delinquent tax	3,729	7,888	2,330	5,558
Motor vehicle tax	102,347	103,350	99,684	3,666
Recreation vehicle tax	712	955	791	164
16/20M vehicle tax	1,950	2,095	2,002	93
Shared revenue:				
Local alcoholic liquor	1,225	1,062	458	604
Local sales tax	108,059	119,076	110,000	9,076
Compensating use tax	29,346	26,363	27,000	(637)
Licenses, fees, fines and permits:				
Franchise fees	119,652	119,400	115,000	4,400
Fines and penalties	1,070	1,350	1,000	350
Other licenses, fees, and permits	4,421	6,157	4,000	2,157
Interest:				
Interest on idle funds	9,662	9,869	6,000	3,869
Other:				
County fire contract	30,000	30,000	30,000	-
Miscellaneous	11,704	14,349	3,000	11,349
Rent	14,165	14,400	-	14,400
State and federal aid	-	21,883	-	21,883
Transfers:				
Municipal court	-	76,451	-	76,451
Neighborhood revitalization rebate	(11,031)	(8,203)	(12,552)	4,349
Total receipts	875,927	1,004,123	\$ 848,006	\$ 156,117
Expenditures:				
General government:				
Personal services	200,716	125,788	\$ 175,000	\$ 49,212
Contractual services	102,580	87,468	110,000	22,532
Commodities	37,024	28,108	39,500	11,392
Capital outlay	135,615	77,596	5,000	(72,596)
Reimbursed expenditures	(114,173)	(66,355)	-	66,355
Total general government	361,762	252,605	329,500	76,895
Appropriations:				
Airport	1,400	1,400	1,400	-
Cemetery	1,400	1,400	1,400	-
WCED	42,750	42,750	42,750	-
Golf course	17,500	17,500	17,500	-
Historical society	6,000	6,000	6,000	-
Total appropriations	69,050	69,050	69,050	-
Public safety:				
Law enforcement agreement	87,000	87,000	87,000	-

**CITY OF LEOTI, KANSAS**

**GENERAL FUND**

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS**

For the Year Ended December 31, 2017  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		2017		Variance
	2016	Actual	Budget	favorable (unfavorable)
Expenditures (continued):				
Public safety (continued):				
Fire department:				
Personal services	\$ 8,799	\$ 9,064	\$ 9,100	\$ 36
Contractual services	20,344	30,502	37,200	6,698
Commodities	42,335	43,662	47,500	3,838
Capital outlay	-	-	10,500	10,500
Total fire department	71,478	83,228	104,300	21,072
Total public safety	158,478	170,228	191,300	21,072
Public works:				
Personal services	79,496	83,589	120,000	36,411
Contractual services	75,804	72,781	75,000	2,219
Commodities	42,184	32,107	45,000	12,893
Capital outlay	4,600	3,909	61,500	57,591
Total public works	202,084	192,386	301,500	109,114
Culture and recreation - parks:				
Personal services	19,000	19,000	19,000	-
Contractual services	706	-	-	-
Total culture and recreation - parks	19,706	19,000	19,000	-
Municipal court:				
Personal services	9,259	5,675	9,400	3,725
Contractual services	26,389	31,369	23,500	(7,869)
Commodities	-	-	200	200
Total municipal court	35,648	37,044	33,100	(3,944)
Transfers:				
Fire equipment reserve	68,000	21,073	-	(21,073)
Equipment reserve	-	100,000	-	(100,000)
Total transfers	68,000	121,073	-	(121,073)
Total expenditures	914,728	861,386	\$ 943,450	\$ 82,064
Receipts over (under) expenditures	(38,801)	142,737		
Unencumbered cash, beginning of year	239,996	201,195	\$ 95,444	\$ 105,751
Unencumbered cash, end of year	\$ 201,195	\$ 343,932	\$ -	\$ 343,932

See Independent Auditor's Report.

## CITY OF LEOTI, KANSAS

## AMBULANCE AND FIRE EQUIPMENT FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS

For the Year Ended December 31, 2017

(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		2017		
	2016	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Taxes:				
Ad valorem property tax	\$ 9,584	\$ 22,980	\$ 23,074	\$ (94)
Delinquent tax	173	345	-	345
Motor vehicle tax	5,215	2,742	2,127	615
Recreation vehicle tax	36	24	17	7
16/20M vehicle tax	95	108	43	65
Neighborhood revitalization rebate	(235)	(412)	(631)	219
Total receipts	14,868	25,787	\$ 24,630	\$ 1,157
Expenditures:				
Capital outlay	-	58,243	\$ 160,000	\$ 101,757
Receipts over (under) expenditures	14,868	(32,456)		
Unencumbered cash, beginning of year	120,916	135,784	\$ 135,370	\$ 414
Unencumbered cash, end of year	\$ 135,784	\$ 103,328	\$ -	\$ 103,328

See Independent Auditor's Report.

## CITY OF LEOTI, KANSAS

## SPECIAL HIGHWAY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS

For the Year Ended December 31, 2017  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		2017		Variance
	2016	Actual	Budget	favorable (unfavorable)
Receipts:				
Gas tax	\$ 39,532	\$ 39,103	<u>\$ 38,830</u>	<u>\$ 273</u>
Expenditures:				
Highways and streets:				
Contractual services	<u>77,100</u>	<u>112,630</u>	<u>\$ 150,000</u>	<u>\$ 37,370</u>
Receipts over (under) expenditures	(37,568)	(73,527)		
Unencumbered cash, beginning of year	<u>149,283</u>	<u>111,715</u>	<u>\$ 111,432</u>	<u>\$ 283</u>
Unencumbered cash, end of year	<u>\$ 111,715</u>	<u>\$ 38,188</u>	<u>\$ 262</u>	<u>\$ 37,926</u>

See Independent Auditor's Report.

## CITY OF LEOTI, KANSAS

## NON-BUDGETED SPECIAL PURPOSE FUNDS

SCHEDULE OF RECEIPTS AND EXPENDITURES  
REGULATORY BASIS

For the Year Ended December 31, 2017

	Fire equipment reserve	Equipment reserve	Saturday cinema	Municipal court	Total
Receipts:					
Fines	\$ -	\$ -	\$ -	\$ 5,946	\$ 5,946
Transfer from general	21,073	100,000	-	-	121,073
Total receipts	21,073	100,000	-	5,946	127,019
Expenditures:					
Contractual services	-	-	-	514	514
Capital outlay	57,614	32,812	-	-	90,426
Transfer to general	-	-	-	76,451	76,451
Total expenditures	57,614	32,812	-	76,965	167,391
Receipts over (under) expenditures	(36,541)	67,188	-	(71,019)	(40,372)
Unencumbered cash, beginning of year	125,492	653,685	3,148	71,019	853,344
Unencumbered cash, end of year	\$ 88,951	\$ 720,873	\$ 3,148	\$ -	\$ 812,972

See Independent Auditor's Report.

**CITY OF LEOTI, KANSAS**

**CAPITAL IMPROVEMENT GENERAL FUND**

**SCHEDULE OF RECEIPTS AND EXPENDITURES  
REGULATORY BASIS**

For the Year Ended December 31, 2017

Receipts	\$ -
Expenditures	<u>-</u>
Receipts over (under) expenditures	-
Unencumbered cash, beginning of year	<u>7,500</u>
Unencumbered cash, end of year	<u><u>\$ 7,500</u></u>

See Independent Auditor's Report.

## CITY OF LEOTI, KANSAS

## WATER OPERATING FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS

For the Year Ended December 31, 2017

(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		2017		Variance
	2016	Actual	Budget	favorable (unfavorable)
Receipts:				
Charges for service	\$ 660,351	\$ 619,538	\$ 575,000	\$ 44,538
Penalties	7,538	6,741	5,000	1,741
Vending sales	10,150	-	-	-
Installations/connections	2,775	2,640	1,500	1,140
Coin box sales	3,990	4,463	4,500	(37)
Miscellaneous	14,352	9,737	4,500	5,237
Total receipts	699,156	643,119	\$ 590,500	\$ 52,619
Expenditures:				
Distribution:				
Personal services	111,009	148,835	\$ 90,000	\$ (58,835)
Contractual services	101,573	100,538	128,700	28,162
Commodities	51,460	56,915	55,000	(1,915)
Capital outlay	14,353	10,999	105,000	94,001
Debt service	210,898	-	110,898	110,898
Transfer to water reserve	100,000	-	100,000	100,000
Transfer to water bond and interest	-	-	100,000	100,000
Total expenditures	589,293	317,287	\$ 689,598	\$ 372,311
Receipts over (under) expenditures	109,863	325,832		
Unencumbered cash, beginning of year	879,565	989,428	\$ 714,469	\$ 274,959
Unencumbered cash, end of year	\$ 989,428	\$ 1,315,260	\$ 615,371	\$ 699,889

See Independent Auditor's Report.

## CITY OF LEOTI, KANSAS

## SANITATION OPERATING FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS

For the Year Ended December 31, 2017

(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		2017		Variance
	2016	Actual	Budget	favorable (unfavorable)
Receipts:				
Sanitation collection fees	\$ 194,937	\$ 257,514	\$ 197,000	\$ 60,514
Penalties	2,489	2,832	1,200	1,632
Containers sold	3,276	1,233	-	1,233
Miscellaneous	396	399	500	(101)
Total receipts	201,098	261,978	\$ 198,700	\$ 63,278
Expenditures:				
Personal services	72,397	75,926	\$ 80,000	\$ 4,074
Contractual services	21,069	20,245	25,000	4,755
Commodities	19,498	31,623	27,000	(4,623)
Capital outlay	-	73,000	131,500	58,500
Total expenditures	112,964	200,794	\$ 263,500	\$ 62,706
Receipts over (under) expenditures	88,134	61,184		
Unencumbered cash, beginning of year	112,376	200,510	\$ 64,876	\$ 135,634
Unencumbered cash, end of year	\$ 200,510	\$ 261,694	\$ 76	\$ 261,618

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## CITY OF LEOTI, KANSAS

## SEWER OPERATING FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS

For the Year Ended December 31, 2017  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		2017		Variance
	2016	Actual	Budget	favorable (unfavorable)
Receipts:				
Sewer fees	\$ 210,778	\$ 210,433	\$ 210,000	\$ 433
Penalties	2,489	2,276	2,400	(124)
Total receipts	<u>213,267</u>	<u>212,709</u>	<u>\$ 212,400</u>	<u>\$ 309</u>
Expenditures:				
Personal services	37,650	38,045	\$ 45,000	\$ 6,955
Contractual services	29,070	29,595	30,000	405
Commodities	17,999	18,804	20,000	1,196
Capital outlay	1,800	14,177	291,400	277,223
Debt service:				
Principal	24,005	24,745	24,745	-
Interest	14,616	13,936	15,176	1,240
Total expenditures	<u>125,140</u>	<u>139,302</u>	<u>\$ 426,321</u>	<u>\$ 287,019</u>
Receipts over (under) expenditures	88,127	73,407		
Unencumbered cash, beginning of year	<u>283,856</u>	<u>371,983</u>	<u>\$ 216,634</u>	<u>\$ 155,349</u>
Unencumbered cash, end of year	<u>\$ 371,983</u>	<u>\$ 445,390</u>	<u>\$ 2,713</u>	<u>\$ 442,677</u>

See Independent Auditor's Report.

## CITY OF LEOTI, KANSAS

## STORM WATER OPERATING FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS

For the Year Ended December 31, 2017  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		2017		Variance
	2016	Actual	Budget	favorable (unfavorable)
Receipts:				
Storm water fees	\$ 8,624	\$ 8,597	\$ 8,800	\$ (203)
Penalties	104	109	120	(11)
Total receipts	8,728	8,706	\$ 8,920	\$ (214)
Expenditures:				
Contractual services	1,054	1,555	\$ 3,000	\$ 1,445
Commodities	1,019	-	3,000	3,000
Capital outlay	-	-	40,000	40,000
Total expenditures	2,073	1,555	\$ 46,000	\$ 44,445
Receipts over (under) expenditures	6,655	7,151		
Unencumbered cash, beginning of year	35,091	41,746	\$ 38,010	\$ 3,736
Unencumbered cash, end of year	\$ 41,746	\$ 48,897	\$ 930	\$ 47,967

See Independent Auditor's Report.

## CITY OF LEOTI, KANSAS

## NON-BUDGETED BUSINESS FUNDS

SCHEDULE OF RECEIPTS AND EXPENDITURES  
REGULATORY BASIS

For the Year Ended December 31, 2017

	<u>Water reserve</u>	<u>Sanitation reserve</u>	<u>Sewer reserve</u>	<u>Total</u>
Receipts	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Capital outlay	<u>-</u>	<u>75,751</u>	<u>-</u>	<u>75,751</u>
Receipts over (under) expenditures	-	(75,751)	-	(75,751)
Unencumbered cash, beginning of year	<u>670,098</u>	<u>152,863</u>	<u>90,000</u>	<u>912,961</u>
Unencumbered cash, end of year	<u>\$ 670,098</u>	<u>\$ 77,112</u>	<u>\$ 90,000</u>	<u>\$ 837,210</u>

See Independent Auditor's Report.

## CITY OF LEOTI, KANSAS

## AGENCY FUNDS

SUMMARY OF RECEIPTS AND DISBURSEMENTS  
REGULATORY BASIS

For the Year Ended December 31, 2017

<u>Fund</u>	<u>Beginning cash balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending cash balance</u>
Landfill	<u>\$ 9,512</u>	<u>\$ 75,543</u>	<u>\$ 68,724</u>	<u>\$ 16,331</u>

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